To: William Caton
Acting Secretary, Office of the Secretary
Federal Communications Commission

RE: CC Docket No. 01-347, Comments in Connection with Verizon's 271 Application for New Jersey

Bank of America Capital Investors has been actively evaluating providing capital to a carrier who seeks to provide service, in competition with Verizon, to both residential and commercial customers in New Jersey. We were initially encouraged by the lower recurring rates the New Jersey Board of Public Utilities ordered for UNEs and based on these rates, had intended to provide financial support to this carrier's efforts to compete with Verizon in New Jersey.

However, subsequent to the Board's order on UNE rates, we now understand that the Board adopted a non-recurring charge of either $159.76 or $233.12* on the cut-over of every line moved to a competitive carrier. We believe that it is important for both the FCC and the New Jersey Board of Public Utilities to know that if this proposed non-recurring charge is approved and implemented that we (and probably no other financial investor) cannot economically justify providing capital to support competition with Verizon in New Jersey.

Assuming that you care how a financial investor will evaluate the economic viability of providing capital to facilitate competition in New Jersey, let me provide a simple example illustrating why the $233.12 non-recurring charge will make competition uneconomic. If a competitive carrier develops a mix of customers representative of the market as a whole (*60% residential and *40% commercial), its average customer will provide a monthly contribution (defined as revenue less the UNE charge paid directly back to Verizon) in the range of $15-$20. If the competitor pays Verizon $233 up-front to convert the line then they have to service the line for over 12 months ($233 installation fee divided by $15-$20 monthly contribution) to simply recapture the up-front installation investment, before any of the contribution would be available to cover corporate overhead, much less produce a return on capital. This is not a viable business model to incentivize competition.

*without and with premise visit